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September 25, 2000

OFFICE OF THE  
EXECUTIVE SECRETARY

Mr. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

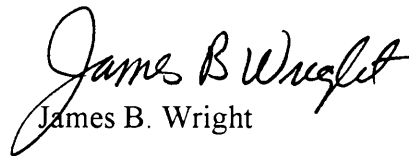
RE: United Telephone-Southeast's Tariff Filing to Increase Rates for  
Non-recurring Services, Directory Listings and Various Custom  
Calling Services and Packages  
Docket No. 00-00797

Dear Mr. Waddell:

Attached is United Telephone-Southeast, Inc.'s response to the Tennessee  
Regulatory Authority Staff's data request dated September 22, 2000.

Please address any questions to the attention of Laura Sykora at 919/554-7323 or  
me at 919/554-7587.

Sincerely,

  
James B. Wright

Attachments

C: Laura Sykora

PROCESSED  
9/26/00

UNITED TELEPHONE-SOUTHEAST, INC.'S  
RESPONSE TO THE TRA STAFF'S DATA REQUEST  
DATED 9/22/00  
DOCKET NO. 00-00797

Question: T.C.A. § 65-5-209(f) states in part that "At the expiration of the four-year price period, an incumbent local exchange company is permitted to adjust annually its rates for basic local exchange telephone services in accordance with the method set forth in subsection (e) provided that in no event shall the rate for residential basic local exchange service be increase in any one (1) year by more than the percentage change in inflation for the United States using the gross domestic product-price index (GDP-PI) from the preceding year as the measure of inflation." Does UTSE's proposed 142% rate increase for non-recurring trip charges violate this statutory provision? Provide a detailed explanation and legal justification for your response.

Response: Upon reviewing T.C.A. § 65-5-209(f), United Telephone-Southeast acknowledges that increases to residential basic local exchange services including non-recurring trip charges are capped, in any one year, by the inflationary-based index described in this section. Therefore, UTSE filed a replacement tariff page on September 25, 2000 to separate residential and business trip charges. The business trip charge will remain at the proposed rate of \$40.00, and the new proposed residential trip charge will be \$16.75. The revised residential increase is below the maximum allowed statutory increase for residential trip charge of \$0.26 (current rate of \$16.50 times 1.6%, the rate of inflation in the approved 1999 Index Filing).